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Employment and Income
Issues in the Southwest
For the Eighties

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As part of the nation's "sunbelt," the Southwest has sustained significant growth in its economy, its population and its labor force since the end of World War II. The prospects are that the region can expect more of the same in the foreseeable future. The ascendancy of the Southwest has been paralleled by stagnation and even decline in these same indicies in much of the northeastern and north central regions of the nation. The 1981 Report of the President's Commission for an Agenda for the 1980s not only noted these regional trends but it also suggested that the causative factors should not be restrained by federal interventions. Instead, it was suggested by a subcommittee to the Commission that a "policy of anticipation, accommodation, and adjustment" made more sense.

As this region becomes more prominent while other regions decline, the relative importance of the Southwest to the welfare of the nation as a whole will obviously increase. Thus, not only is it of consequence to note the potential of the Southwest but also it is necessary to understand its peculiarities and its problems. For the emerging employment and income issues in the Southwest are destined to become the national concerns of the 1980s and 1990s.

The Southwest as a Unique Labor Market

As a matter of definition, this paper will use six states to represent the Southwest. They are Arizona, California, Colorado, New Mexico, Oklahoma,

and Texas. In terms of population size, it is California and Texas that dominate the region as they together account for 80 percent of the people of the region. The single most important factor that unifies these states and which distinguishes the Southwest from other regions is the generally hot and arid climate. The result is that the population of the region tends to cluster into various oasis communities. There are vast stretches of rural land that have very few inhabitants mixed with various enclaves of large urban concentrations of people. Relative to other regions of the nation (see Table 1), most of the states of the Southwest tend to be more urbanized (except for New Mexico and Oklahoma). Relatedly, the aridity of the rural region also necessitates that many rural workers cannot live in the rural areas in which they work. Hence, unlike all other regions of the country, there are a significant number of people who live in urban areas but who are dependent on employment in rural areas. The most notable of these are many of the nation's migratory farm workers who have their home bases in urban areas of California and Texas. But the phenomenon of rural workers who live in urban areas is not restricted to agriculture. It also includes those who commute to non-farm rural jobs.

It should also be noted in passing that the aridity of the region has strongly influenced the course of regional economic development. It also may limit the future economic growth. Namely, the most important factor that has allowed economic development to occur has been the ability to provide water. Living and working by people and producing and growing by industry have been largely made possible in the region as the result of massive federal governmental support for collecting, storing, and distributing water supplies. Despite these past efforts, there are signs that available

Table 1: Percentage of Population that Resides in Non-Metropolitan Areas in Selected Southwestern States, 1977

State	Percent Non-Metropolitan Population
Arizona	25.3
California	7.3
Colorado	19.4
New Mexico	66.4
Oklahoma	44.4
Texas	20.6
Nation	27.0

Source: Statistical Abstract for the United States 1980.

water supplies are not only limited but are actually declining. Mushrooming urban populations are increasingly competing with the industrial sectors of the region for the use of the limited water supply. It is, of course, the industrial sector that provides the jobs on which the ultimate viability of the regional economy is based. Moreover, in the immediate short run, competition between non-agricultural and agricultural sectors for water within southwestern states can be anticipated. It has already begun in Colorado and in the high plains of Texas. The outcome of this struggle has implications for future that transcend regional employment and population growth rates. It also has national implications. For the agricultural and ranching industries of the Southwest are also major sources of vegetables, grains and meat for the entire nation. Whether scarce water is used for the leisure activities of private citizens; or for regional business and industrial purposes; or for growing foodstuffs for the entire nation is a question of critical national importance. It is not the kind of problem that politicians like to confront nor is it one in which a free market force result may be desirable. The issue will require planning and cooperation among the states of the region which has never yet developed. It will also no doubt lead to increasing pressure for more federal intervention. For as the cost of water is bid up, it is likely that the people of the region will do their best to find some way to have the people of the rest of the nation pay as much as they can of the cost of these regional water development and water transportation schemes.

The aridity of the region is also largely responsible for the major shift in military defense spending that now goes to the Southwest. Since World War II, the nation's defense system has increasingly shifted toward

aircrafts, missiles, and rockets. Of necessity, the size of many of these things dictates that as much of the construction of these items be done out-of-doors. This requires a warm climate. More importantly, because of their potential for erratic behavior, it is essential that these new instruments of destruction be tested either over water or in areas of sparse population. Many areas of the Southwest have met that standard. Thus, again, it has been a large dose of Federal dollars that has greatly increased economic development in recent decades.

In addition to the prominence of the issue of water to regional economic development, it should also be noted that the rapid growth of the Southwest as a desirable place to live and to work has been made feasible largely by one major technological development: air conditioning. This factor is seldom if ever listed among those factors that have spawned the rapid post-World War II growth of the entire region. With air conditioning came the possibilities of more industrial development and of large residential communities that would have never occurred without it. It has been, in fact, the growth in construction and in personal services that has fed the cycle of economic prosperity in the region that has been virtually uninterrupted for the past 30 years. Yet, air conditioning was introduced in a period of artificially cheap energy prices. This is no longer the case. Hence, it can be anticipated that the cost of living and of doing business will continue to rise--possibly at proportionally greater rates than in other regions. It is conceivable, of course, that solar energy may become feasible in the future. If so, the Southwest could be the major beneficiary of such a development. But solar energy too will require much more Federal support than it is now popular to advocate.

Hence, it was not until human control was exerted over the elements of aridity and heat that the foundation for subsequent regional economic growth became feasible. But, unless careful regional planning and long term economic developmental policies are initiated--shortages of water and the cost of air conditioning may boomerang adversely on the region's long term prosperity.

There is one other major factor that distinguishes the labor market of the Southwest from other regions. It is the distinct influence of Spanish and Mexican culture and people. With the exception of Oklahoma, all of the other states either wholly or partially belonged to Spain or Mexico. The lasting influence of this fact is often overlooked or unknown by many of the people who live in the Southwest. Yet, these influences clearly distinguish the region from the rest of the nation. To be specific, in the Southwest there is the concept of community property that is the basis of much of the civil law of the region. This is a direct descendant from the original Spanish law and it is at variance with the principles of Anglican civil law that dominates most of the rest of the nation. Another Spanish influence also pertains to the critical issue of water. Water law in the Southwest is also based almost exclusively upon Spanish water law whereby water is not automatically the property of people on whose land it crosses or is under. Rather, water rights exist and water is owned and carefully allocated. In contrast, in other regions of the nation water law is based on the English system of riparian water rights that extends ownership of water to people who own land on which water traverses.

But for present purposes, it is the human linkage to Mexico that has been the distinguishing feature of the labor force of the Southwest. Although people of Spanish and Mexican heritage lived in the region that was to be-

come the Southwest before there were even English colonies along the Eastern seaboard, these people were not numerous. The efforts of Spain to settle the area has been largely destroyed by the violent resistance of the Appaches and the Comanches. By the time that the Treaty of Guadalupe Hidalgo of 1848 ceded almost half of the land area of Mexico to the United States, there were fewer than 75,000 people of Spanish or Mexican heritage in the region. Over two-thirds of those who were of such heritage were to be found in northern New Mexico. It was not until the second decade of the Twentieth Century that the mass migration of Mexicans to the United States began and the significant numerical base of the Chicano community of today was established.

The influx of Mexicans into the United States was primarily the result of the extensive violence of the Mexican revolution of 1910-1917 and its unsettling aftermath that continued into the 1920s. Over one million Mexicans died during this decade as a result of the fighting. This was at a time when the total population of Mexico was only about 15 million persons.

It was also roughly around the 1920s that serious economic development began in many parts of the Southwest. Mining, agriculture, and railroad building became prominent activities. Workers from Mexico became very appealing to many southwestern employers. Soon, a process began that has continued until the present day. Mexicans were sought as workers--often because they were cheap and more easy to manipulate than were the available citizen workers. A host of arrangements evolved over time--legal immigration, "green card" border commuters, braceros, and illegal immigrants. These people were sought largely as workers, not as settlers. Labor policy dominated over settlement considerations but inevitably as time passed the two factors became intertwined. As a result, the Chicano population has grown

both from continued immigration and from natural biological growth. Presently, Chicanos are the largest minority group in the region. Excluding Oklahoma, Chicanos accounted for over 14 percent of the labor force of the remaining five states in 1970. When the 1980 Census data are available this percentage will no doubt increase. Table 2 shows that in all five states the Chicano population is a significant segment of the labor force. Within these five states, however, Chicanos are not distributed evenly throughout but, rather, are concentrated in certain areas (e.g., Southern California and South Texas). As a result, their proportions of particular local labor markets are much higher than the aggregate statewide figures. Also, it is known that there are a significant number of illegal immigrants from Mexico in the labor market of the Southwest. Undoubtedly their numbers are severely undercounted in all official efforts to tabulate their presence. Hence, the "real" number of persons of Mexican origin who are in the labor force of the Southwest greatly exceeds the figures for Chicanos alone.

Because emphasis was not given to settlement considerations, the inevitable growth of Chicano community led to an era of overt and covert discrimination by the Anglo majority toward the Chicano minority. The legacy of this unequal treatment has continued and is reflected in the employment and income experiences of Chicanos. It is also reflected in the continuation of flows of illegal immigrants from Mexico since this entry process has existed for so long that it is now institutionalized.

Population Trends and Issues

Having argued that the Southwest is a unique labor market, it should follow that there are some characteristics of the population and labor force that are significantly different from the national averages. A brief review

Table 2: Percentage of Labor Force that is Chicano in
Selected Southwestern States, 1970

State	Percent of Labor Force that is Chicano
Arizona	15.9
California	13.4
Colorado	10.3
New Mexico	34.1
Texas	14.5
Southwest	14.2

Source: Vernon M. Briggs, Jr., Walter Fogel, Fred H. Schmidt,
The Chicano Worker (Austin: University of Texas Press,
1977, p. 27.

of several important indications, therefore, is in order.

The release of the 1980 Census data has confirmed the trend that has been apparent since the end of World War II: the population of the Southwest is growing more rapidly relative to the rest of the nation. As shown in Table 3 all of the states of the Southwest increased their populations between 1970 and 1980 at rates far in excess of the national rate of increase of 11.4 percent for the decade.

The largest minority population in the Southwest is the Chicano population. In 1970, Chicanos (the largest subgroup of the nation's total Hispanic population) accounted for about 3.5 percent of the nation's population but in all of the states (except Oklahoma) the percentage of the population that is Chicano exceeds that percentage by several multiples (see Table 4). Although the 1980 census data for the racial composition of states is not yet available it is certain that the relatively higher fertility rates and continued immigration (both legal and illegal) have increased these 1970 percentages significantly by 1980.

Conversely, the proportion of the populations of the states of the Southwest that is black is well below the national percentage in every state except Texas where it slightly exceeds the national average. But if the figures for both blacks and Chicanos are combined (even in the rough terms of Table 4) the minority populations of all of these states (except Oklahoma) exceeds the combined national percentage that these two groups comprise of the nation's population. Hence, the welfare of the nation's minority populations (especially Chicanos) are tied disproportionately to developments within the Southwest.

Table 3: Preliminary Census Figures and Percentage Population Change for 1970 to 1980 for Selected Southwestern States

State	1980 Preliminary Census Figures	Percentage Change 1970-1980
Arizona	2,714,013	52.9
California	23,510,375	17.7
Colorado	2,877,726	30.2
New Mexico	1,290,551	26.9
Oklahoma	2,998,124	17.1
Texas	14,152,339	26.4
National	226,504,435	11.4

Source: Supplement to American Demographics (December 15, 1980), Ithaca, N.Y.: American Demographics Inc., 1980, p. 3.

Table 4: Black and Chicano Populations as Percent of Total
Population in Selected Southwestern States

State	Percent of Population that is Black, 1976	Percent of Population that is Chicano, 1970
Arizona	2.6	18.8
California	7.8	15.5
Colorado	3.5	13.0
New Mexico	*	40.1
Oklahoma	6.7	**
Texas	11.6	18.4
National	11.5	3.5

*Figure is inconsequential.

**Data is not available.

Source: Statistical Abstract for the United States: 1980; and
Briggs, Fogel, and Schmidt, op. cit., p. 7.

Labor Force Issues

Although labor force data from the 1980 Census are not yet available, there are reliable employment estimates from the Bureau of Labor Statistics. This data shows that the six states of the Southwest accounted for 21.1 percent of the nations civilian labor force in 1980. The civilian labor force of the Southwest increased by 46 percent over the decade of the 1970s (compared to a nationwide total of 30 percent).

Tables 5 and 6 indicate the racial composition of the civilian labor force of the six Southwestern states in 1980. In total the Southwest accounted for 21 percent of all white workers in the civilian labor force; 19 percent of all blacks; and 62 percent of all Hispanics. But while Hispanics are significant in numbers in the civilian labor force of all Southwestern states (except Oklahoma), black workers are largely found only in California and Texas.

With regard to unemployment these same two Tables show that white unemployment is less or equal to the national white unemployment rate in all states (except in New Mexico). New Mexico is the exception only because Hispanic unemployment is included in the white figures. For the same reason, it is likely that the actual white unemployment figure in the Southwest is considerably lower than the comparable national figure in all states if the Hispanic unemployment (shown in Table 6) were netted out of the white rates shown in Table 5. For blacks, the unemployment rates are below the national black unemployment rate in every state of the Southwest except Arizona. It makes no sense to compare the Hispanic unemployment rates in the Southwest with the national Hispanic unemployment rates due to the concentration of Hispanics in the Southwest. It is useful to note however, that Hispanic unemployment rates--while higher than that of whites--is lower than that

Table 5: Civilian Labor Force and Unemployment Rate
by Race for Selected Southwestern States, 1980
(thousands)

State	Civilian Labor Force			Unemployment Rate	
	Total	White	Black	White	Black
Arizona	1,126	1,082	44	6.3	15.9
California	11,203	9,755	1,448	6.1	11.5
Colorado	1,474	1,414	60	5.3	11.7
New Mexico	543	501	42	6.9	11.9
Oklahoma	1,325	1,211	114	4.1	13.2
Texas	6,412	5,688	724	4.5	11.2
Nation	104,719	92,171	12,548	6.3	13.2

Source: Bureau of Labor Statistics, U.S. Department of Labor, "Press Release No. 81-127, (March 9, 1981)"

Table 6: Civilian Labor Force and Unemployment Rates
for Hispanic Origin Workers, 1980

State	Civilian Labor Force	Unemployment Rate
Arizona, Colorado, and New Mexico*	475	10.9
California	1,844	9.9
Texas	1,120	8.5
Oklahoma	N.A.	N.A.
Nation	5,484	10.9

Note: These three states are combined in order to obtain a more reliable statistical estimate.

N.A. = not available

Source: Bureau of Labor Statistics, U.S. Department of Labor,
Press Release No. 81-127, (March 9, 1981)

of blacks.

As is the case nationally, the high unemployment rates for both blacks and Hispanics reflects past periods of discriminatory treatment and unequal efforts to develop the human resource potential of these groups in the past in many local communities. There is some reason for concern that the influx of newcomers from outside the region into the Southwest may mean that efforts to overcome past inequalities in economic opportunity may not occur. Instead, it may be employers and public officials may be content to rely upon the training and education efforts of other regions to prepare workers who ultimately migrate to the Southwest to find jobs--especially for the more skilled jobs and those that require higher education. If this should prove to be the case, the substantial minority population of the Southwest could easily be bypassed by the region's economic progress. They could be left to compete among themselves for the jobs at the bottom of the economic ladder as has historically been the case.

Income and Poverty Issues

As indicated in Table 7, in only two Southwestern states, California and Colorado, did the per capita income exceed the national average of \$7,810 in 1978. The relative national rankings of per capita income by state also show that only one state (California) was in the highest 20 percent of the states; it ranked fifth in the nation. Since unemployment in the Southwest, tends to be below that national average, it is likely that the low income levels are due to relatively lower wages and salaries in the region. It is certainly plausible that the large number of citizens who have migrated to the Southwest from other regions, along with the large numbers of illegal aliens known to have infiltrated the regional labor market, have dampened

Table 7: Percentage and Rank of Per Capita Income in 1978 to U.S. Total for Selected Southwestern States

State	Percentage of National Per Capita Income	Rank in U.S.
Arizona	94	30
California	113	5
Colorado	102	15
New Mexico	83	43
Oklahoma	89	34
Texas	99	22

Per capita income in U.S. = \$7,810 = 100%.

Source: Statistical Abstract of the United States, 1980.

upward wage pressures that otherwise might be expected in such a rapid growth environment.

Perhaps the most disturbing characteristic of the economic descriptions of the Southwest is the relatively high rate of poverty in the region. In Table 8, four of the six states of the region are shown to have exceeded the national percentage of persons living in poverty of 11.4 percent in 1975. California and Colorado were below the figure. When the figure for total persons living in poverty is broken down into poverty families and children in poverty, the same pattern holds. With figures that show that one out of every four children in New Mexico and one out of every five children in Texas live in poverty, there should be reason for alarm not only for the present but also for the future. These figures certainly indicate that there is a dark side to the boastful claims of politicians from these states as to the benefits of life in their area.

The low income and high poverty rates for the Southwest are reflections of the findings of a number of research studies in the region that have documented an inordinately high number of working poor in the region. That is to say, the abundance of jobs which may help to keep unemployment rates below the national average can mask the fact that many jobs do not pay enough or are not regular enough, or both, to enable a family to live above the poverty level. Jobs alone are a necessary but not a sufficient condition to assure economic prosperity. Blacks and Hispanics in the Southwest have traditionally been employed disproportionately in the least skilled and lowest paying occupations of the region. As one black leader in Houston once sarcastically observed, "we had full employment back on the plantations."

Table 8: Percentage of Persons and Families Below Poverty Level, 1975
in Selected Southwestern States

State	Percentage of Persons in Poverty	Percentage of Families in Poverty	Percentage of Children in Poverty
Arizona	13.8	10.8	16.8
California	10.4	8.5	13.8
Colorado	9.1	6.3	10.7
New Mexico	19.3	15.5	26.0
Oklahoma	13.8	11.1	14.6
Texas	15.2	11.7	20.5
Nation	11.4	9.0	14.5

Source: Statistical Abstract for the United States, 1980.

The racial composition of employment patterns is equally as important as the level of employment to any fair assessment of employment patterns in the Southwest. The relatively high poverty rates of minority groups in the Southwest indicate that there is still much that needs to be done to change employment patterns in this region.

Related Issues

One possible explanation for the pervasive pattern of low income and high poverty rates in the Southwest may be that unionism is still largely unknown in most of the region. All of the states in the Southwest have traditionally been quite hostile to efforts to organize workers into trade unions. As indicated by Table 9, in only one southwestern state (California) did the percent of nonagricultural employees who were in trade unions in 1978 slightly exceed the national average of 23.6 percent. In most cases, the state percentages are only about half the national average. Of greater interest, however, is the fact that between 1976 and 1978, the national ranking of the percentage of unionized workers in each state shows the percentage in every state of the Southwest (except Oklahoma) declined during the interval compared to the other states of the nation. Workers in the Southwest are obviously poorly organized by trade unions in the region.

Another consideration is the lack of priority in the Southwest to human resource development. It is difficult to find an appropriate index of general commitment to human resource development in a state. One possible measure is the per pupil expenditure in the public schools. Since basic education is by far the most important element of human resource development for the nation, support for public schools is a good measure of a state's concern for both its youth and its future. Unfortunately, Table 10 shows

Table 9: Trade Union Membership in Selected Southwestern States in 1978;
Percent of Employees in Non Agricultural Establishments 1978;
and Percent Rank in United States 1976 and 1978

State	Total Membership 1978	Total Rank in U.S. 1978	Percent Unionized, 1978	Percent Rank in U.S. 1976	Percent Rank in U.S. 1978
Arizona	122,000	30	13.8	35	37
California	2,184,000	2	23.7	14	17
Colorado	175,000	27	15.2	31	32
New Mexico	54,000	42	12.1	26	45
Oklahoma	138,000	29	13.4	42	39
Texas	575,000	11	11.0	46	47
Nation	20,459,000		23.6		

Source: Directory of National Unions and Employee Associations 1979
(Washington: U.S. Government Printing Office, 1979), p. 71.

Table 10: Public School Expenditures Rank in 1978 per Pupil
for Selected Southwestern States

State	Rank in U.S.
Arizona	34
California	20
Colorado	21
New Mexico	31
Oklahoma	32
Texas	40

Source: Statistical Abstract for the U.S. 1980.

that all states in the Southwest are far down on the ranking list of such expenditures. The State of Texas is especially low, ranking fortieth. These figures reinforce the impression noted earlier that the Southwest has been content to draw upon human resources that are developed elsewhere. Outside of a few universities in California, the region has shown little interest in developing the quality of its institutions of higher learning either. While this may seem financially advantageous to people of the Southwest--that they can get qualified workers for whom the expense of training is borne by others--it is certainly not in the interest of the other regions of the country. Ultimately, of course, it can be anticipated that as people come into the region they will demand better schools for their children and that the situation will change. Or it may develop that the newcomers will turn to private schools for the education of their children. Should this happen--and there is some reason to believe that it might--it does not augur well for the future for the families who cannot afford private education--especially for the hopes of the region's disproportionately high minority and poverty populations.

Concluding Observations

As should be apparent, once one probes beneath the surface of the outward varnish of the "booming Southwest," weaknesses and defects soon become apparent. Economic growth--with its parallel population and labor force expansions--are no panacea themselves. The quantitative measures of economic welfare in the Southwest seem sound and may even be the source of envy to others outside the region. But ultimately it is the qualitative measures that are the true test of the standard of life in any region. In this regard,

it is not clear that the benefits of the expanding economy of the Southwest are trickling-down to those groups that historically been purposely excluded from equal economic opportunities. Problems of poverty, low wages, lack of unionization, and inadequate human resource development are not easily overcome. They require priority attention. It is hoped the people and the local and state governments of the Southwest will recognize these needs. The history of the region, however, does not give one much reason to be optimistic. But with the economic boom period that is now in progress, in the Southwest, the chance to address these needs is now there. The greatest gap in human endeavors is not between "what should be done" and "what can be done" but, rather, between "what can be done" and "what will be done". It is to be hoped--both for the best interests of the Southwest and for the nation now that this region is inheriting the mantle of economic and political leadership--that it will not allow the prevailing inequalities to fester and to destroy the opportunity for greatness that is now within its grasp.